

MANAGEMENT INITIATIVE DECISION



MID 921

TITLE: Commercial Travel Management

DATE: October 18, 2004

DECISION: The Deputy Secretary approved the MID.

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SUBJECT: Commercial Travel Management

DOD COMPONENTS: All

SUMMARY OF EVALUATION: This Management Initiative Decision (MID) directs consolidation, streamlining, and central management of commercial travel policy for the Department of Defense (DoD). The MID addresses the consolidation of commercial travel office (CTO) contracts and establishes roles and responsibilities for management oversight of the DoD commercial travel program. Specifically, the MID:

- Directs the USD (Personnel and Readiness) to develop a plan to establish the Defense Commercial Travel Management Office (DCTMO) and to ensure the CTO contract management and commercial travel program functions remain viable until the DCTMO is established. The plan is to be completed within 90 days of the signing of this MID and will include, but is not limited to, consolidation of existing and future CTO service contracts under the DCTMO.
- Requires DoD Components not to use paper-based or automated legacy TDY travel processes when the full DTS (including travel reservation module) is fielded at each location; and
- Requires that the USD (Personnel and Readiness) review the DTS functional performance, ensure that they support the Department's needs, and ensure that DTS is considered as part of the current and future contract discussions on the Government travel card.

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DETAIL OF INITIATIVE: Three basic functional areas are involved in the management of travel within the Department. The Under Secretary of Defense (Acquisition, Technology, and Logistics) {USD(AT&L)} exercises oversight of transportation policy, to include the policy for the operations of commercial travel offices. The USD(P&R) exercises oversight of travel entitlement policy as part of the Department's overall compensation policy. The USD(Comptroller) {USD(C)} issues policy related to the settlement of travel claims and payment of centrally billed airline (and other transportation carriers') bills.

The USD(AT&L), USD(P&R), and USD(C) jointly initiated central management and improved efficiency and effectiveness of the commercial travel program throughout the Department. The USD(AT&L), USD(C), and the Assistant Secretary of Defense for Networks and Information Integration {ASD(NII)} directed the DFAS PMO-DTS in a memorandum {Subject: Designated Lead Component for the Defense Travel System (DTS)} dated February 24, 2003, to standardize CTO requirements and consolidate for central procurement all DoD CTO services contracts. The memorandum designated the DFAS as the Lead Component for acquisition of the DTS, and designated the DTS Program Manager to provide centralized management for the DTS program.

The ASD(NII) approved Milestone C for the DTS program in the Acquisition Decision Memorandum dated December 24, 2003. The Department will field DTS to 11,000 sites worldwide in three phases. Phase I included pilot sites and concluded in October 2003. Phase II and Phase III run concurrently through the end of fiscal year (FY) 2006. Phase II consists of 250 activities that will be fielded by the DFAS PMO-DTS. The Military Services and Defense Agencies will field Phase III sites, using an extensive set of tools developed by the DFAS PMO-DTS. Currently, DTS is operational at 2,299 sites worldwide. Phase I and Phase II comprise more than 80 percent of the total DoD temporary duty travel volume.

This MID now centralizes functional oversight of commercial travel policy under the Under Secretary of Defense (Personnel and Readiness).

It is the intention of the Department that DoD Components shall no longer use paper-based or automated legacy TDY travel

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processes when the full DTS (including travel reservation module) is fielded. Exceptions apply only with approval from the USD(P&R).

The DTS replaces existing travel processes and software products. The DTS travel processes maximize use of web technology and are performed in an electronically secure environment. The DTS eliminates more than 40 redundant travel systems with one standard software application.

From their desktop, the DTS enables travelers to create an electronic travel request with access to real-time availability of air, domestic rail, hotel, and rental car information, subject to approved DoD business rules. Travel requests are routed electronically for approval; expense reporting is filed electronically and routed to proper approving officials. Payments for approved government travel card expenses - for travel fare, lodging, and rental car - are made immediately to the government charge card company, with the remainder paid by electronic funds transfer to the traveler through the split disbursement process that currently is mandatory for military members and is being negotiated for mandatory use by civilian personnel. Financial transactions are directed electronically to appropriate DoD accounting and disbursing systems and all records are electronically archived.

The USD(P&R) will conduct a review of the functionality of DTS to ensure that the features that are built into the DTS system satisfy needed improvements in the Department's oversight and management of the commercial travel program.

Defense Commercial Travel Management Office (DCTMO)

Currently, DoD does not have a single focal point to manage commercial travel policy. There are several disconnected groups that discuss changes to travel policy, regulations, and directives, but not a single office that ensures that all actions taken with regard to commercial travel are consistent. The MID therefore directs the USD(P&R), as the Department's lead for travel policy, in coordination with USD(AT&L) and USD(C), to establish a Defense Commercial Travel Management Office (DCTMO).

The USD(P&R) shall produce a plan within 90 days from the signing of this MID to define roles and responsibilities for the

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DCTMO. Additionally, the plan shall include an interim plan for managing these functions until the DCTMO is established. The primary mission of this new DCTMO organization will be to operate the commercial travel program for the entire Department. At a minimum, the plan will identify resources, roles, and responsibilities necessary to stand up the DCTMO at DTS FOC or earlier (but not later than early FY 2006). The plan shall be approved and funded in a MID or a Program Budget Decision during the FY 2006 Budget Review.

Consolidating Procurement and Management of CTO Services

The Army Information Technology and Electronic Commerce and Commercial Contracting Center (ITEC4) is the CTO services contracting agent for the DFAS (PMO-DTS). As reflected in Table 1, DoD Components manage 86 known contracts/task orders through more than 55 separate organizations.

Table 1 - Known CTO Service Contracts

CTO Manager	CONUS	OCONUS
Army	Five contracts covering five geographic regions	Two contracts covering Europe and Korea
Navy	One contract with two line items, covering the Eastern and Western U.S., respectively	CONUS contract includes OCONUS
Air Force	34 contracts	Seven contracts
Marines	Six contracts	One contract
Defense Agencies	30 contracts/task orders (including task orders from Army and GSA contracts)	
DFAS PMO-DTS	One contract covering one geographic region including selected Army, Air Force, and Defense Agencies (11 States within CONUS)	

The Department's numerous contracts presently are not uniform in terms of service requirements and costs. Additionally, the current commercial travel environment allows for inefficient use of administrative and operational support personnel.

Under DTS, CTO services are no longer just "services;" they are embedded within DTS itself and therefore affect cost, schedule, and performance of the DTS program. It is expected that transferring, consolidating, and standardizing all DoD CTO contracts under the DCTMO would allow the Department to:

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- Provide an integrated travel management approach within the DoD and a "single face" to the travel industry for information exchanges with the Government;
- Reduce the number of personnel currently assigned to perform contracting for, and administration of, CTO services;
- Realize cost savings and achieve economies and efficiencies once the CTO consolidation is complete and other initiatives like the DTS/eTravel System (eTS) database are available for Department-wide use;
- Reduce the number of small business contracts, based on area reallocations, while increasing the percent of DoD travel volume covered by each small business contract from 6 to 12 percent;
- Decrease the total number of contracts worldwide; and
- Decrease the number of unused tickets and the associated funds paid for those tickets through insertion of common language in standardized travel contracts that will require vendors to reimburse the Department for unused tickets. All future travel contracts will contain this standard contract clause.

The DTS Acquisition Strategy established the third quarter of FY 2004 as the target date for award of the small business set aside contracts, and the fourth quarter of FY 2004 as the target date for award of the full and open contracts. The DFAS PMO-DTS and ITEC4 already are standardizing CTO service contracts across the Department using both small business set aside solicitations, and full and open solicitations.

To realize further efficiencies, the MID requires DoD Components to transfer existing CTO service contracts and the management of those contracts to the DCTMO. Management of future CTO services through the DCTMO shall become an integral part of the "end-to-end" process that will positively affect the Department's commercial travel program cost and schedule.

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Unused Tickets

The Department's policies require travelers to notify the CTO that the ticket is unused and to turn in unused paper and electronic tickets. However, many of the travel contracts the Department has in place do not require the CTOs to automatically initiate refund actions for unused tickets. To correct this deficiency, each contracting officer must ensure that all contracts require the CTO to automatically initiate refund action upon receipt of unused tickets to reimburse the government for unused travel and require that reimbursements from the airlines include the original ticket (number) so that the reimbursement can be matched to the original ticket. Additionally, many of the travel contracts do not have a capability to systematically identify unused tickets. The DTS Centrally Billed Account Reconciliation Module includes the capability to match travel vouchers to tickets.

Centralizing Commercial Travel Roles and Responsibilities

As DTS transforms how the DoD conducts travel and reimburses travelers, some administrative and operational roles and responsibilities associated with these processes will change. The automated DTS process will replace specific roles and responsibilities presently associated with manual processes. Implementation of DTS and consolidation of CTO contract acquisition and administration allow the Department to realize significant improvements as commercial travel activities will be performed through an increasingly "one-stop-shop" process.

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DTS Travel Card Requirements

Management of the DoD Travel Card Program has direct impact on DTS users/travel cardholders and DTS software functionality. The DCTMO shall be an active, recognized participant in the DoD Travel Card Program management process to facilitate improved coordination. This will ensure best value for DTS users and DoD Components and ensure DTS system functionality, requirements, and operability are consistent with current and future government travel card program requirements.

In **summary**, the **MID requires** that:

The **USD (P&R)**, in coordination with the USD(C) and the USD(AT&L), shall develop a plan, within 90 days of the signing of this MID, to establish the DCTMO.

The **USD (AT&L)** shall provide necessary expertise and support to the USD(P&R) in developing a plan to define roles and responsibilities for the DCTMO.

The **USD (C)** :

- Shall provide necessary support to the USD(P&R) in developing a plan to define roles and responsibilities for the DCTMO.
- Will incorporate resource adjustments identified in the Plan during the FY 2006 Budget Review.

The **DoD Components** will not use paper-based or automated legacy TDY travel processes when the full DTS (including travel reservation module) is fielded at each location.